

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 342877

HENRY FORD VILLAGE, INC.
Registration No. LC-10010

Respondent.

This 10th day of June, 2020

Issued and entered

ORDER REQUIRING ESCROW OF FUNDS

Linda Clegg, the Director of the Corporations, Securities & Commercial Licensing Bureau of the Department of Licensing and Regulatory Affairs ("the Department"), pursuant to her statutory authority and responsibility to administer and enforce the Continuing Care Community Disclosure Act, 2014 PA 448, MCL 554.903 *et seq.* ("the Act"), hereby orders that Henry Ford Village, Inc. ("Respondent") must deposit all entrance fee payments made by members or prospective members after the date of service of this order with an escrow agent acceptable to the Department, pursuant to section 45(2) of the Act, MCL 554.945(2).

I. BACKGROUND

A. The Respondent

1. Respondent is Henry Ford Village, Inc., a Michigan not-for-profit corporation, incorporated on or around August 3, 1992.

B. Findings of Fact

1. Respondent is registered as a Continuing Care Community pursuant to the Act.
2. Respondent is obligated by the Act and by the disclosure statement it provides to members to refund entrance fees within 30 days of events requiring a refund in its continuing care agreements. Respondent is, and for

many years has been, past-due in making entrance fee refund payments to members or members' estates.

3. As of April 30, 2020, Respondent reported to the Department that it owes \$5,030,785.63 in past-due entrance fee refunds, ranging in severity from thirty days or less past-due, to greater than 181 days past-due. Analysis by Department staff reveals that the balance of past-due entrance fee refunds has increased from month-to-month in twenty-five of the last twenty-six months, and that Respondent's financial condition has deteriorated.
4. The Department finds that Respondent is insolvent or in jeopardy of becoming insolvent, and that escrow of entrance fees is necessary and appropriate to protect prospective members.

II. RELEVANT STATUTORY PROVISIONS

1. Section 45 of the Act, MCL 554.945, states in relevant part::

(2) The department may require a deposit with an escrow agent acceptable to the department of an amount the department considers necessary for the continuing care community to fulfill its obligations if both of the following apply:

(a) The department finds 1 or more of the following:

- (i) The financial condition of the continuing care community may materially jeopardize the care of members.
- (ii) The continuing care community is insolvent or in jeopardy of becoming insolvent.
- (iii) The continuing care community is not meeting its pro forma financial plan.

(b) The department determines the escrow to be necessary and appropriate to protect prospective members.

III. CONCLUSIONS OF LAW

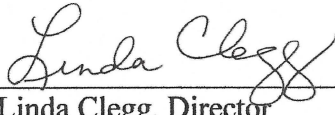
1. Respondent Henry Ford Village, Inc. is insolvent or in jeopardy of becoming insolvent and it is necessary and appropriate to protect prospective members for the Department to require Respondent to deposit all entrance fee payments made by members or prospective members with an escrow agent acceptable to the Department in accordance with section 45(2) of the Act, MCL 554.945(2).

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 45(2) of the Act, MCL 554.945(2), that:

- A. Respondent shall deposit all entrance fee payments made by members or prospective members after the date of service of this order with an escrow agent acceptable to the Department.
- B. Pursuant to section 85(1) of the Act, MCL 554.985(1), a person that knowingly violates the Act is guilty of a felony punishable by imprisonment for not more than 7 years or a fine of not more than \$10,000.00 or both.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU
DEPARTMENT OF LICENSING & REGULATORY AFFAIRS



Linda Clegg, Director
Corporations, Securities & Commercial Licensing Bureau
Department of Licensing & Regulatory Affairs

06/10/2020

Date